

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION PURSUANT TO KRS 278.260)
OF THE EARNINGS SHARING MECHANISM) CASE NO.
TARIFF OF LOUISVILLE GAS AND ELECTRIC) 2003-00335
COMPANY)

AND

AN ADJUSTMENT OF THE GAS AND ELECTRIC)
RATES, TERMS, AND CONDITIONS OF) CASE NO.
LOUISVILLE GAS AND ELECTRIC COMPANY) 2003-00433

O R D E R

On December 18, 2003, Louisville Gas and Electric Company ("LG&E"), the Attorney General by and through his Office of Rate Intervention, and the Kentucky Industrial Utility Customers, Inc. (collectively "the Parties") filed a joint motion requesting that the Commission consolidate LG&E's Earnings Sharing Mechanism ("ESM") tariff, Case No. 2003-00335, with its rate case, with Case No. 2003-00433.

The motion states that there will be common issues of fact raised in both proceedings, including the allowed rate of return, and that the record in Case No. 2003-00335 would be complete on January 12, 2004. The motion notes that adjustments determined in LG&E's rate case may also be at issue in the renewal of LG&E's ESM tariff. The motion claims that consolidating the two proceedings is reasonable, since it will eliminate unnecessary duplication of effort and prevent the unnecessary expenditure of resources by the Commission and the Parties.

On January 16, 2004, the Parties filed a letter requesting that their motion to consolidate be held in abeyance. They filed another letter on March 12, 2004, requesting the Commission to rule on their motion.

Based on the motion and being otherwise sufficiently advised, the Commission finds that there are common issues in both proceedings and the decisions in one case could impact the decisions in the other case. In the interest of administrative economy, to avoid unnecessary duplication of effort, and to prevent the unnecessary expenditure of resources by the Parties as well as the Commission, we find it reasonable and appropriate to consolidate the ESM tariff case with LG&E's rate case.

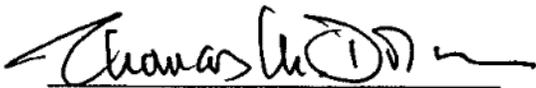
IT IS THEREFORE ORDERED that:

1. Case No. 2003-00335 is consolidated with and into Case No. 2003-00433.
2. The record in Case No. 2003-00335, including the ESM Management Audit report prepared by the Barrington-Wellesley Group, Inc., is incorporated into the record of Case No. 2003-00433.
3. Case No. 2003-00335 is hereby closed.
4. The procedural schedule previously established in Case No. 2003-00433 shall be followed in the consolidated proceeding.

Done at Frankfort, Kentucky, this 31st day of March, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. Dixon", written over a horizontal line.

Executive Director

Case No. 2003-00335
Case No. 2003-00433